



GARY R. HERBERT  
Governor

SPENCER J. COX  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

August 17, 2015

Andre Zeitoun  
Applied Minerals  
110 Greene Street  
Suite 1101  
New York City, New York 10012

Eric Nedreberg  
Applied Minerals  
1200 Silver City Road  
P.O. Box 432  
Eureka, Utah 84628

Subject: Escalation of Reclamation Surety; Applied Minerals; Dragon Mine; M/023/0080; Juab County, Utah

Dear Messrs. Zeitoun and Nedreberg:

The Division of Oil, Gas and Mining rescinds its May 13, 2015, requirement to provide a new reclamation cost estimate for the Dragon mine. The Division's database indicated the reclamation surety was due for escalation in 2015, but it is not due until 2017. I apologize for this mistake.

Please call Wayne Western at 801-538-5263 if you have any questions about these issues.

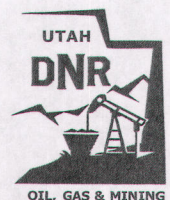
Sincerely,

Paul Baker  
Minerals Program Manager

PBB:whw:pb

Enclosures: bond summary sheet

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Rec'd  
E Mail  
3/12/2014  
Wayne  
5976

**Applied Minerals**

Revised March 11, 2014

**Dragon Mine M/002/0080**

**Bonding Calculations**

Prepared by: Oren Gatten  
North American Exploration, Inc.

**Direct Costs**

Subtotal Demolition and Removal	\$79,148.40
Subtotal Backfilling and Grading	\$30,479.09
Subtotal Revegetation	<u>\$40,600.00</u>
<b><u>Subtotal Direct Costs</u></b>	<b><u>\$150,227.49</u></b>

**Indirect Costs**

Mob/Demob	\$15,023.00	10.0%
Contingency	\$7,511.00	5.0%
Engineering Redesign	\$3,756.00	2.5%
Main Office Expense	\$10,215.00	6.8%
Project Management Fee	\$3,756.00	2.5%
Subtotal Indirect Costs	<u>\$40,261.00</u>	

**Total Cost 2014** **\$190,488.49**

Number of Years	3
Escalation Factor	0.015

Reclamation Cost Escalated	\$199,190
Average Cost per Acre Disturbed	\$4,980

**Bond Amount (Rounded to nearest \$1,000)**  
**2017 Dollars**

**\$199,000**